

Departmental Management

Introduction

Interior bureaus provide the on-the-ground effort needed to accomplish the Department's mission. Departmental Offices provide the executive leadership, policy, guidance, independent program evaluation, and coordination needed to manage the diverse, complex, and nationally significant programs that are the Department's responsibilities. They provide support services used by the bureaus to accomplish their work on a reimbursable basis. These include legal services through the Solicitor's Office, the audits and investigations of the Inspector General, environmental damage coordination, administrative hearings and appeals, and aviation and air safety services through Departmental Management.

Departmental Management also guides and coordinates all of Interior's administrative activities such as finance, information resources, procurement and acquisition, human resources, and budgeting.

Within the Departmental Offices are several other significant programs. These include the Office of Insular Affairs (OIA), which provides assistance to insular areas; the Office of the Special Trustee for American Indians (OST), which manages and discharges the Secretary's responsibilities for about \$3.1 billion in trust assets of American Indians; the Natural Resources Damage Assessment and Restoration program, which coordinates the Department's natural

resources damage assessment and restoration effort; and the National Indian Gaming Commission, which regulates certain Indian gaming activities. These activities relate to specific departmental strategic goals and are discussed in the related sections of the report.

The Department's Working Capital Fund provides common administrative and support services efficiently and economically on a reimbursable basis. Activities financed through the Fund include administrative support services such as accounting, property management and purchasing, drug testing, training, security, printing, communications, and computer systems operations and maintenance. The Department's bureaus and offices comprise most of the Fund's customers. Several commissions, other federal agencies, and in the case of aircraft services, state governments and cooperators are also customers.

The Department is one of six executive branch agencies authorized to establish a franchise fund pilot under the Government Management Reform Act. The Interior Franchise Fund (IFF) provides commonly required administrative systems and systems support, administrative operations, and information technology services on a competitive, fee-for-service basis to other federal agencies with the goal of reducing administrative costs to the taxpayer.

The resources expended for Departmental Management are shown in *Figure 10*.

“Departmental Offices provide executive leadership, policy, guidance, and coordination to manage Interior’s diverse, complex, and nationally significant programs.”

Figure 10

Departmental Management	
Activity	1999 Expenses (\$ in millions)
1. Departmental Management (Policy)	\$186
2. Working Capital Fund	547
3. Interior Franchise Fund	44
4. Other	171
Total Departmental Management	\$948

Departmental Management Activities

Desired Results: *Build and manage for departmental excellence and accountability in the areas of human resources, service and technology, procurement and property management, financial and managerial accountability, and facilities maintenance and capital improvements.*

Interior has taken great strides in recent years to becoming a more mission-focused, efficient organization. From 1993 to 1996, the Department reduced its workforce by more than 13 percent. It has reduced supervisory positions by 29 percent, headquarters staff by 27 percent, and management control positions by 21 percent. At the same time, our dedicated work force has allowed us to continue to provide high-quality goods and services to the American public.

Building The Workforce of the Future

Interior requires a dedicated, diverse, highly qualified workforce to accomplish its mission and achieve its goals. To ensure that a quality workforce is in place, our long-range goal is to create a work environment in which our employees are valued, motivated, developed, and rewarded for excellent, customer-focused performance. To accomplish this goal, the Department strives to develop and implement a comprehensive, integrated approach that addresses all levels of career management.



A diverse workforce enables the Department to provide a measure of understanding to its customers by relating to the diverse backgrounds of those customers. By including employees of all backgrounds, all Interior employees gain a measure of knowledge, background, experience, and comfort in serving all the Department's customers.

Critical to these efforts is the need to train and develop our employees for both mission and career advancement. Our focus is on developing and implementing effective training and development programs that emphasize career management throughout the Department and also on achieving levels of diversity for the Department's

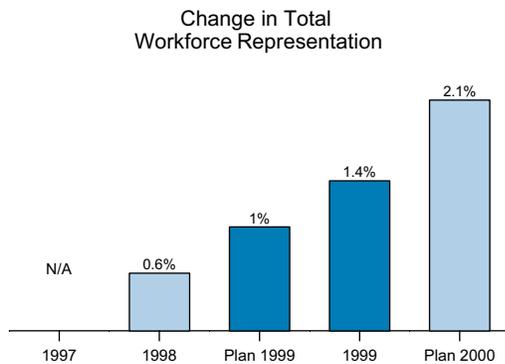
workforce that are reflective of the Nation's citizenry.

In 1999, the Department's Office of Personal Policy established a Training and Development Counterpart Group that consisted of one representative from each bureau/office. This group is responsible for (1) assessing current departmentwide and bureau/office-specific career development programs; (2) determining and prioritizing bureau/office career development needs not being met by the current programs; and (3) proposing new departmentwide career development programs to meet bureau/office needs. The Counterpart Group recommended a training and development program that was implemented by the Department in 1999.

Interior's Strategic Plan for Improving Diversity was signed by the Secretary in December 1997. All bureaus established implementation plans which were signed by their respective agency heads.

The Department strives to achieve diversity goals through increasing the awareness of diversity issues, by improving targeted recruitment to increase the diversity of the applicant pool, and by improving the quality of work life to reduce pre-retirement separations. Selections are made solely on the basis of merit. The measurement focus is on increasing the general diversity of the workforce, not on quotas, numeric targets, or specific vacancies. Percentages are calculated as portions of the total workforce rather than the growth rate of specific groups; for example, if a group moves from five percent to six percent, it is reported as having increased one percent of the total workforce rather than as a 20 percent increase in the group. Thus an increase of one percent is significant progress given the limited turnover. The chart on the next page shows the Department's change in total workforce representation.

Performance Indicator



In 1999, diverse representation in Interior's workforce increased by 1.4 percent from the 1997 baseline, exceeding the performance target of one percent.

Year 2000 Computer Readiness - Major Management Challenge Resolved

The Year 2000 (Y2K) computer problem presented a very real threat to the Department of the Interior's computers and information systems. While possible disruption of programs and service delivery were the primary issues, additional concerns related to the health and safety of our employees.

In 1999, the Department addressed the Y2K problem through the replacement or modification of existing systems and technology-dependent equipment using the five-step approach adopted by the General Accounting Office: (1) awareness, (2) assessment, (3) renovation, (4) validation, and (5) implementation. All components of the Department dedicated both human and fiscal resources to the Y2K problem to minimize or eliminate potential disruptions.

During the 16 months prior to December 31, 1999, the Department demonstrated considerable progress in identifying and remediating the Year 2000 computer problem. In November 1997, only 21 mission critical systems were Y2K compliant. As of March 22, 1999, all 90 mission critical

systems were Y2K compliant. All of these mission critical systems were independently verified and validated. In partnership with the Office of the Inspector General, the Department conducted additional reviews to validate Y2K management activities in each bureau.

Exhaustive discovery procedures implemented by the Chief Information Officer's office in cooperation with bureaus led to identifying Y2K problems in embedded microchips, telecommunications, and non-mission critical systems; these systems and facilities were repaired and tested. Subsequent analyses pinpointed the resource requirements for remediation efforts, and the Department was successful in obtaining emergency supplemental funds for these efforts. The Department was a leader among federal agencies in awareness training for employees, business partners, and customers, and in "Day One" and continuity of business operations planning. Congress consistently awarded the Department top grades for work on Y2K. The greatest testament, however, to the planning and personnel involved in the Department's Y2K initiative was the smooth and uneventful transition of its systems, facilities, equipment, and personnel to the new millennium.

Establishing Faster, More Cost-Effective Goods, Services, and Facilities

Procurement and property management play important roles in virtually all activities and programs of the Department. The procurement of goods and services is a critical support element in accomplishing mission objectives. By improving the quality and price of procured items, as well as the timeliness and productivity of our procurement staff, Interior saves scarce dollars and improves the Department's services to the American people.

The management of personal, real, and museum property is also critical to Interior's mission of protecting and preserving federal assets. As the largest landholder within the

"The purchase card program has allowed the Department to provide better service and achieve cost savings."



Grand Canyon National Park visitors learn about the electric truck and alternative transportation options (photo by Interior).

federal government, Interior has a unique responsibility to conserve approximately 113 million cultural artifacts, pieces of artwork, and other museum properties. Interior also manages personal property assets valued at more than \$1.7 billion, more than 37,500 buildings and facilities, and a fleet of more than 31,500 vehicles. Interior's property management community carries out a vital function by balancing public access to

land and property against protection of those assets for the benefit of future generations.

The Department strives to provide better service and cost savings through use of the governmentwide purchase card. In 1998, approximately 40 percent of the dollars spent and 76 percent of the transactions for procurement under \$25,000 were purchased through Interior's charge card program. In 1999, the percent of dollars under \$25,000 expended using the charge card increased to 53 percent. Interior's strong growth performance in the use of charge cards was part of our effort to replace more costly and less efficient paper purchase orders. This momentum was negatively impacted by the General Services Administration's recompetition of the charge card contract and difficulties experienced by Interior's selected vendor, Bank of America (formerly NationsBank), in 1999.

The performance target for 1999 was to increase the use of purchase card transactions to over \$275 million. The Department's actual results for 1999 totaled \$312 million, which was \$37 million or approximately 13 percent above our target. This growth is expected to continue in 2000.

The charge card program, when fully implemented, will increase efficiencies by eliminating slow, paper-based purchasing processes. It will also increase accountability by making more information readily available to managers.

Interior is responsible for 69 million artifacts and specimens and 44 million documents, a collection that is second in total size only to those managed by the Smithsonian Institution. Our museum collections include important artifacts of our national cultural and natural heritage. Careful documentation of these museum collections establishes accountability for their management and use in preserving our Nation's natural and cultural resources, supporting our science activities, and providing heritage recreation and education for the public.

The Department strives to preserve, protect, and provide access to cultural and natural museum collections belonging to the American people. In 1998, Interior established a baseline of 36.4 million accurately documented objects. By the end of 1999, 41.7 million museum objects were inventoried by Interior. In 1999, the Department inventoried 5.3 million museum objects, exceeding its 1999 performance target by 3.5 million, or approximately 194 percent. This exceptional performance is attributable to (1) outstanding performance by curatorial staff in the Bureau of Reclamation and the National Park Service, (2) improved communication and coordination with 400 non-federal institutions with whom we partner to manage our collections, and (3) increased resources available to document collections. As more of the collections are documented, they become available for use in our resources management, research, interpretation, and exhibition programs at public-contact points throughout the country.

Facilities Maintenance and Capital Improvements

Interior is committed to improving its infrastructure for the next century. In recent years, increasing deferred maintenance and capital improvement needs have threatened Interior's infrastructure and natural resource protection efforts. Additions to Interior's infrastructure inventory have further stretched maintenance and capital improvement dollars. A 1998 Interior study, *Facilities Maintenance Assessment and Recom-*

mentations,” provided the basis for proposed increases in maintenance and capital improvement funding, development of a Five-Year Maintenance and Capital Improvement Plan, and a number of other improvements.

Interior bureaus identify their highest priority projects within the universe of deferred maintenance requirements set forth by the Federal Accounting Standards Advisory Board (FASAB) Standard Number 6. In response to FASAB No. 6, the bureaus reported a range of \$7.8 billion to \$13.7 billion in deferred maintenance. Critical health, safety, and resource protection needs are given highest priority for deferred maintenance funding.

In 1999, Interior accomplished the following:

- Completed the Five-Year Plan for 2000 and initiated development of the Plan for 2001;
- Issued guidance for conducting facilities condition assessment surveys; and
- Established standard facilities-related data elements and definitions for use in bureau systems. Interior also established a partnership to coordinate the development and use of departmental facilities management systems.

In 1999, Interior also developed a set of common definitions for maintenance and capital improvement functions, made adjustments to its budget and accounting structures to better reflect those definitions, developed Five-Year Maintenance and Capital Improvement Plans, and developed a system for implementing a five-year condition assessment process to identify maintenance and capital improvement needs.

In 1999, approximately \$1 billion was budgeted for critical infrastructure improvements and maintenance. Funding for 2000 is also expected to be about \$1 billion.

Reliable and Accurate Financial Information

Key laws such as the Chief Financial Officers Act, the Government Management Reform Act, the Government Performance and Results Act, the Debt Collection Improvement Act, and the Federal Financial Management Improvement Act, have established new standards and high expectations for government operations. Within this framework, Interior strives to provide timely and reliable financial and performance information to allow decision-makers to track progress and evaluate the results of Interior’s programs.

To strengthen the integrity of financial operations and ensure the accuracy of financial data, the Department produces audited consolidated financial statements for the Department as well as audited financial statements for each of the bureaus. The goal is to achieve unqualified (clean) audit opinions on all financial statements as well as internal controls and Federal Financial Management Improvement Act requirements.

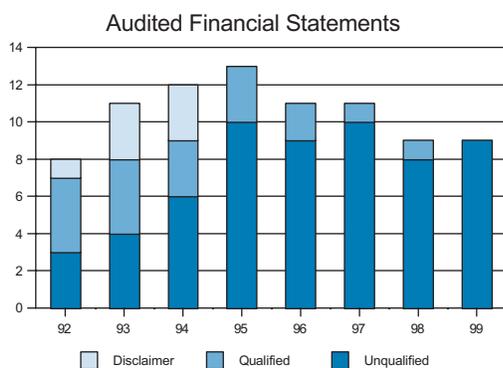
Unqualified audit opinions provide independent assurance to external users that the information being provided is reliable. The benefits of conducting financial statement audits and obtaining unqualified opinions are twofold: (1) ensuring that quality data is provided to external parties; and (2) ensuring that books and records used by management can withstand the rigors of the audit process. Moreover, the discipline required to produce annual financial statements and audits demands that proper management attention and direction be given to improving financial management and complying with applicable laws and regulations.

In 1999, the Department’s consolidated financial statements and all bureaus that published financial statements received unqualified audit opinions on their financial statements. The Minerals Management Service did not publish 1999 financial

“Timely, reliable financial and performance information allows decision-makers to track and evaluate the results of Interior’s programs.”

statements due to operational issues. *Figure 11* summarizes the results of financial statement audits since 1992.

Figure 11



Limitations of Financial Statements

Responsibility for the integrity and objectivity of the financial information presented in the financial statements lies with Interior management. The financial statements and supplemental financial schedules included in this report reflect the financial position and results of operation of the Department pursuant to the Chief Financial Officers Act of 1990 and the Government Management Reform Act of 1994. While these statements have been prepared from the books and records of Interior in accordance with guidance provided by the Office of Management and Budget and the Federal Accounting Standards Advisory Board, the statements differ from financial reports used to monitor and control budgetary resources that are prepared from the same books and records. The financial statements should be read with the realization that Interior is an agency of the executive branch of the United States government, a sovereign entity. Accordingly, unfunded liabilities reported in the statements cannot be liquidated without the enactment of an appropriation, and ongoing operations are subjected to enactment of appropriations.

Interior Franchise Fund

The Interior Franchise Fund (IFF) offers a diverse suite of administrative products and services for financial management, procurement and property management, personnel and payroll management, and general office services to other federal agencies, including:

- Administrative Systems and Related Support Services
- Administrative Operations
- Electronic Commerce
- Consulting
- Drug and Alcohol Testing
- Training
- Office Services
- Audio Visual Services

Major accomplishments achieved in 1999 by the IFF include:

- Increasing the number of customers from 231 in 1998 to 379 in 1999 (a 64 percent increase).
- Increasing gross revenues by 100 percent over the previous year, resulting in a 1999 net profit of \$147,000. This was the first year that the IFF realized a profit from operations.

The IFF's competitive strengths lie in its ability to attract and retain external customers and its ability to quickly garner the necessary staff to meet customer needs. The creative concept of using Interior resources on a reimbursable basis allows the IFF to keep personnel and fixed costs to a minimum and precludes the need for maintaining permanent staff.

Analysis of Financial Statements and Financial Performance

The Department prepares financial statements that include (1) a Statement of Financial Position, (2) a Statement of Net Cost, (3) a Statement of Changes in Net Position, (4) a Statement of Custodial

Activity, (5) a Statement of Budgetary Resources, and (6) a Statement of Financing. Overall, these statements summarize the financial activity and financial position of the Department. Additional financial information is also presented in the Supplemental Financial Schedules of the report.

The Department monitors financial management performance through periodic collection and reporting of Prompt Payment Act, Electronic Funds Transfers, and Debt Collection Improvement Act data.

Operating Expenses

As indicated in the Statement of Net Cost, the 1999 net cost of Interior operations, after earned revenue, is approximately \$9.2 billion. In comparison, the federal government expended approximately \$390 billion for Social Security payments and almost \$230 billion in interest payments on Treasury securities during 1999.

The largest expense of the Department is salaries and benefits. In terms of personnel, Interior is the sixth largest of the 15 Cabinet agencies, with approximately 3.8 percent of total Executive Branch civilian employment. During 1999, Interior's full-time equivalent (FTE) usage level was 66,956, an increase of 468, or 0.7 percent, over 1998. Since 1993, Interior has decreased staffing by 9,924 FTEs, a decline of approximately 13 percent.

Revenues

In general, Interior's missions are intended to be funded by general government funds derived from tax receipts and other sources. However, an increasing number of departmental activities are being supported by other fees and collections.

Federal government revenue is classified as either Exchange Revenue or Non-Exchange Revenue. Exchange Revenue occurs when both parties to the transaction receive value (e.g., the government sells maps or other products and services to the public for a price). Non-Exchange Revenue occurs when

only one party receives value (e.g., donations to the government from the public or government demands for payment through taxes, fines, and penalties). Only Exchange Revenues are presented on the Statement of Net Cost so that the statement reflects, to the extent possible, the net cost to the taxpayer of agency operations.

Interior's revenues from the public derive from sales of hydroelectric power, entrance fees at parks and wildlife refuges, sales of maps, and other products and services are directly related to the operating responsibilities of the Department. Approximately \$1.4 billion of revenues were collected from the public and were either retained in the Department after congressional appropriation to further Interior's mission, or were returned to the General Fund of the Treasury. These revenues offset the taxpayers' investment in the Department. In addition, Interior earned \$886 million from other federal agencies, primarily from cross-servicing agreements or reimbursable services to other agencies. These efforts help reduce the total cost of government operations by sharing expertise among agencies.

During 1999, the Department collected over \$4.4 billion in revenue (see Statement of Custodial Activity) from Outer Continental Shelf and onshore oil, gas, and mineral lease sales and royalties, making Interior one of the largest collectors of revenue in the federal government. These receipts are presented on the Department's Statement of Custodial Activity since these collections, under federal accounting rules, are considered to be revenue of the government as a whole rather than of the Department. These revenues are distributed primarily to federal and state treasuries, Indian tribes and allottees, the Land and Water Conservation Fund, and the Historic Preservation Fund.

Budgetary Resources

The Department receives most of its funding from general government funds administered by the Treasury Department and appropriated for Interior's use by Congress.

Interior's 1999 budget authority was approximately \$10.5 billion. This represents very little change from 1998. The \$10.5 billion is greater than the \$10.3 billion in budgetary authority reported in the Statement of Budgetary Activity because of differences between budgetary and federal accounting guidance. The most significant difference relates to the treatment of tribal and Individual Indian Trust funds, assets which do not belong to the federal government. These amounts, which are discussed in detail in Note 17 of the consolidated financial statements, are excluded from Interior's financial statements but are included in Interior's budget requests through 2000.

Measured in terms of dollar resources, the Department, with one-half of one percent of the entire federal budget, spends fewer taxpayer dollars than all but two of the Cabinet agencies. Despite its relatively low funding, the Department touches the lives of most citizens, often on the person-to-person level through its responsibility for the national parks, wildlife refuges, public land recreation areas, topographic maps, dams, and water projects. Its operations are located throughout the country and have an immense impact on individuals throughout America. Interior programs provide a tangible return to taxpayers.

Since budgetary accounting rules and financial accounting rules may recognize certain transactions and events at different points in time, Appropriations Used in any given period as reported on the Statement of Changes in Net Position will not exactly match expenses for that period.

Assets

Approximately 10 percent of Interior's assets are held on behalf of others and are not available for departmental use. Approximately 33 percent of the Department's \$50.7 billion in assets (see Statement of Financial Position) is composed of General Property, Plant, and Equipment.

Most of Interior's Buildings, Structures, and Facilities are composed of dams and power and irrigation facilities managed by the Bureau of Reclamation. The remainder consists of buildings and other structures and facilities used in the Department's operations (e.g., visitor centers, fish hatcheries, and Bureau of Indian Affairs schools).

Interior's reported values for Property, Plant, and Equipment (PP&E) exclude stewardship property, such as land for national parks and national wildlife refuges, public domain land, historic buildings, and national monuments. Although these stewardship assets are priceless, they do not have an identifiable financial value and therefore cannot be adequately presented on a numerically based Statement of Financial Position. An in-depth discussion of these assets is presented in the Stewardship Assets, Investments, and Deferred Maintenance section of the report.

The Fund Balance with Treasury, which is essentially the amount of funding made available to the agency by congressional appropriation, is \$5.6 billion; these funds are in agency accounts maintained by Treasury. The Treasury Department functions like a bank, and Interior's Fund Balance with Treasury is analogous to a checking account. The portion of Fund Balance with Treasury available to the Department for spending at any point in time depends on the terms of appropriation language and other factors.

The Department has Restricted Assets in Conservation and Reclamation Funds. These amounts derive primarily from royalties and lease payments generated from oil and gas extracted from the Outer Continental Shelf.

The restricted asset Conservation account includes the Land and Water Conservation Fund and the Historic Preservation Fund. Spending authority for the conservation accounts is approved in subsequent years through congressional appropriations.

Liabilities and Net Position

Federal agencies, by law, cannot make any payments unless funds have been appropriated by Congress. The Department's unfunded liabilities (approximately \$1.6 billion, or 15 percent of total liabilities) consist primarily of legal and environmental contingent liabilities and unfunded annual leave, both of which are considered expense and liability in the current period, but which will be paid out of funds made available to the agency in future years.

Contingent liabilities reflect Interior's potential responsibility for cleanup of contaminated sites and for legal claims brought against the Department. The Department's liability for financial statement purposes for environmental cleanup is limited to those sites where Interior is or may be held to be legally liable for remediation of the hazard; for example, underground fuel tanks installed by the Department. In addition, there are numerous sites, including abandoned mines and illegal waste dumps, where other parties have caused contamination on lands managed by the Department. Although Interior bears no legal responsibility for these hazards, the Department will often, in its stewardship capacity, correct the environmental hazard. Wherever feasible, Interior will initiate collection efforts against the responsible parties. The Department has recognized \$163 million for potential environmental cleanup liabilities and \$627 million related to other claims and litigation.

The Net Position of the Department consists of three components: (1) Unexpended Appropriations, (2) Cumulative Results of Operations, and (3) Restricted Equity. The Unexpended Appropriations account reflects spending authority made available to the Department by congressional appropriation

that has not yet been used by Interior. Cumulative Results of Operations reflects the net results of the Department's operations over time. Restricted Equity reflects funds in the Land and Water Conservation Fund, Historic Preservation Fund, and Reclamation Fund; these amounts have not yet been made available for departmental use by congressional appropriation. In total, Interior's Net Position is \$40.2 billion, of which \$16.8 billion is Restricted Equity.

Prompt Payment

The Prompt Payment Act requires that payments be made within 30 days of receipt of invoice; otherwise, the federal government is required to pay interest. The Department's objective is to reduce the percentage of payments with interest penalties to a level at or below the governmentwide goal of three percent.

In January 1997, the Department established an initiative to reduce the number and dollar amount of interest penalties paid and improve its overall on-time payment performance. The initiative has paid dividends with noticeable improvement in a number of Prompt Pay measures. Interior's on-time payment percentage increased from 82 percent in 1998 to 85.8 percent in 1999. Since 1997, Interior has improved its prompt pay performance by almost nine percent. The dollar amount of late payment interest penalties decreased from \$900,000 in 1998 to \$600,000 in 1999 (a decrease of 33 percent), while the number of occurrences decreased from 31,752 to 22,264 (a decrease of 30 percent) during the same time period.

Over the past several years, the number of payments subject to the Prompt Payment Act has shown a steady decline. This decrease is attributable to the Department's increased use of the governmentwide purchase card. *Figures 12 and 13* show selected prompt pay statistics for 1997 to 1999.

Figure 12

Timeliness of Vendor Payments			
	Percent of Payments		
	1999	1998	1997
On-time	85.8%	82.0%	77.1%
Early	0.7%	0.6%	0.6%
Late	13.5%	17.4%	22.3%
Interest penalty paid	(4.0%)	(6.0%)	(8.8%)
Interest not due *	(8.7%)	(10.8%)	(12.9%)
Interest due but not paid	(0.8%)	(0.6%)	(0.6%)

* Interest was not due because interest was less than \$1

Figure 13

Selected Prompt Pay Data			
	1999	1998	1997
Invoices paid:			
Dollar amount (millions)	\$2,031	\$1,901	\$1,810
Number	561,526	530,915	534,099
Interest penalties:			
Dollar amount (millions)	\$0.6	\$0.9	\$1.2
Number	22,264	31,752	46,797
Interest penalties as a percent of invoices paid:			
Dollar amount	0.032%	0.047%	0.067%
Number	4.0%	6.0%	8.8%

This improvement effort will continue. In 2000, the Department expects to achieve significantly better payment performance as a result of using new technologies and best practices.

Electronic Funds Transfer (EFT)

The Debt Collection Improvement Act (DCIA) of 1996 requires that all payments be made by Electronic Funds Transfer by January 2, 1999, unless covered by a waiver. The Department's goal is to use electronic funds transfer to the maximum extent possible, except for payments covered by waivers.

Over the past three years, Interior has increased the percentage of payments made by EFT. *Figure 14* shows EFT performance over the past three years for salary payments, vendor payments, and miscellaneous payments.

Figure 14

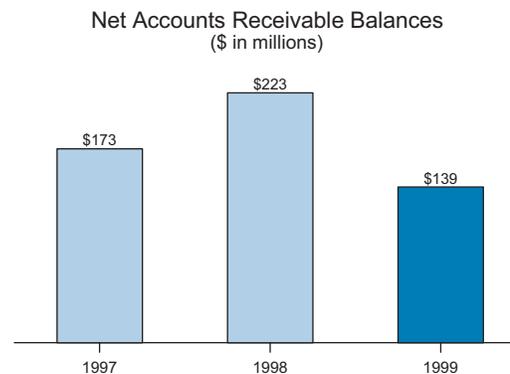
Electronic Funds Transfer Payments			
	1999	1998	1997
Salary	97.9%	90.2%	85.8%
Vendor	61.1%	25.3%	14.4%
Miscellaneous	83.5%	56.4%	34.6%

Debt Collection

The collection of delinquent debt due from the public is a major goal of the Debt Collection Improvement Act. Interior's objective is to refer all 180-day and older eligible delinquent debt to the U.S. Treasury for cross-servicing and refer delinquent debts to the Treasury Offset Program as required by law. In an effort to fulfill its statutory obligations, the Department has issued debt management policies that are intended to control and manage debt due from the public and to ensure that future delinquencies are held to a minimum. The Department's debt management policies are designed to (1) provide complete and accurate management information, (2) help bureaus become more effective in their debt collection efforts, and (3) initiate appropriate litigation as necessary. With the new legal mandates and policies now being implemented, the Department expects a greater rate of collection in the years ahead.

In 1999, approximately \$92 million (66 percent) of the Department's \$139 million in accounts receivable due from the public were considered delinquent. The nature of this debt, comprising fines and penalties, has a historically high rate of write-offs. *Figure 15* shows the Department's accounts receivable balances (net of allowance for doubtful accounts) due from the public for 1997 to 1999.

Figure 15



Looking to the Future

Changes in the Department reflect a significant shift in the attitudes and interests of Americans toward protection of the environment, preservation of the Nation's natural and cultural resources, and a greater realization of the implications of the federal government's longstanding trust responsibilities to American Indians. This new attitude builds on the past, incorporating the ideals of great conservationists while reflecting a sophistication and improved understanding of the natural landscape and the need for restoration.

Guardianship and stewardship will earmark Interior's efforts to restore resources. Watershed scale approaches will seek to restore and preserve the Nation's natural and cultural bounty, while ensuring that economic development needs are met. The Florida Everglades, the California Bay-Delta, and the President's Pacific Northwest Forest Plan are tangible evidence of 21st century approaches to resource restoration.

The Department's 2000 budget focuses on key initiatives for restoration including restoring the natural and cultural resources legacy of national parks, rebuilding our wildlife and fisheries resources, sustaining productive landscapes on the public lands, restoring lands and streams to health, and taking care of our vast facility infrastructure thereby ensuring the safety of our employees and visitors. Further, the 2000 budget provides significant funding increases to meet the Department's trust and other responsibilities to American Indians. The President's 2000 budget, subject to annual appropriation by the Congress, was \$8.7 billion or \$832 million above the 1999 appropriation estimate. The enacted 2000 appropriation was \$8.3 billion or \$408 million below the requested amount. The actual increase will be about \$178 million. The increased 2000 funding will address critical issues such as management of Indian Trust Funds, land acquisition, endangered species programs, improved operation maintenance for all land management

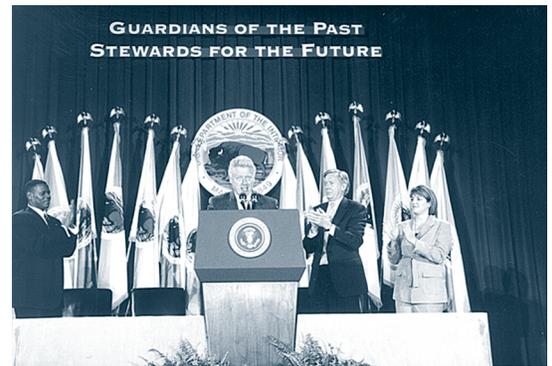
agencies, Indian education construction, and sustaining programs against inflation.

Interior's 2001 budget request has three themes: (1) instilling hope in Indian Country by providing better education resources to Indian children, improving living conditions on reservations, and strengthening trust management; (2) fulfilling America's commitment to its natural environment through the President's Lands Legacy Initiative; and (3) sustaining America's magnificent natural and historical resources and taking care of what we have. The 2001 President's budget, subject to annual appropriation by the Congress, is \$9.2 billion. This is an increase of \$980 million above the 2000 appropriation.

In support of the first theme delineated above is a request for \$332 million for Indian programs including replacement of six schools, major repair and maintenance of existing schools, and improved maintenance of roads, bridges, and housing on Indian reservations. Funding is also requested to improve Indian trust management services, enhance law enforcement, provide for settlement of water rights, and consolidate fractionated interests in Indian lands.

A total of \$391 million is requested for the Lands Legacy Initiative to fund the protection of precious lands through federal land acquisition and partnerships with states and local governments aimed at promoting conservation, urban recreation, and open space planning.

Funds totaling \$214 million are requested in support of the third initiative to stabilize and restore natural and cultural resources on federal lands and in federal facilities. This funding will provide operational increases to bureaus to enhance safety for both visitors and Interior employees by correcting known



President Clinton joins in the celebration of Interior's 150th anniversary. Guardianship and stewardship will earmark Interior's efforts to restore resources in the new millennium (photo by Interior).

hazards. It also increases support for the commemoration of the Lewis and Clark bicentennial, and focuses resources on protection of species and natural communities that are at risk, such as amphibians and coral reefs.

A summary of the Department's current and proposed appropriations funding is provided in *Figure 16*. The future of the diverse programs of the Department and the maintenance of the infrastructure for these programs is dependent on steady funding levels and investments in critical areas. These investments and maintenance of Interior programs are necessary to conserve, restore, and protect the Nation's precious natural and cultural heritage for future generations, and at the same time, continue to develop resources in a sustainable manner; honor past commitments and trust responsibilities to Indian tribes and Alaska Natives; use science to support management of lands and resources; and improve communities through improved science and technical assistance.

Figure 16

